



FEDERAL RESERVE SYSTEM

[Docket No. R-1584]

RIN 7100 AE 89

Regulation Q; Regulatory Capital Rules: Risk-based Capital Surcharges for Global Systemically Important Bank Holding Companies

AGENCY: Board of Governors of the Federal Reserve System (Board).

ACTION: Notice.

SUMMARY: The Board is providing notice of the aggregate global indicator amounts for purposes of a calculation for 2017, which is required under the Board's rule regarding risk-based capital surcharges for global systemically important bank holding companies (GSIB surcharge rule).

DATES: Applicable: [INSERT DATE OF FEDERAL REGISTER PUBLICATION].

FOR FURTHER INFORMATION CONTACT: Elizabeth MacDonald, Manager, (202) 475-6316, or Holly Kirkpatrick, Supervisory Financial Analyst, (202) 452-2796, Division of Supervision and Regulation; or Mark Buresh, Senior Attorney, (202) 452-5270, or Mary Watkins, Attorney, (202) 452-3722, Legal Division. Board of Governors of the Federal Reserve System, 20th and C Streets, NW, Washington, DC 20551. For the hearing impaired only, Telecommunications Device for the Deaf (TDD) users may contact (202) 263-4869.

SUPPLEMENTARY INFORMATION: The Board's GSIB surcharge rule establishes a methodology to identify global systemically important bank holding companies in the United States (GSIBs) based on indicators that are correlated with systemic importance.¹ Under the GSIB surcharge rule, a firm must calculate its GSIB score using a specific formula (Method 1). Method 1 uses five equally weighted categories that are correlated with systemic importance –

¹ See 12 CFR 217.402, 217.404.

size, interconnectedness, cross-jurisdictional activity, substitutability, and complexity – and subdivided into twelve systemic indicators. For each indicator, a firm divides its own measure of each systemic indicator by an aggregate global indicator amount. The firm's Method 1 score is the sum of its weighted systemic indicator scores expressed in basis points. The GSIB surcharge for the firm is then the higher of the GSIB surcharge determined under Method 1 and a second method that weights size, interconnectedness, cross-jurisdictional activity, complexity, and a measure of a firm's reliance on wholesale funding (instead of substitutability).²

The aggregate global indicator amounts used in the score calculation under Method 1 are based on data collected by the Basel Committee on Banking Supervision (BCBS). The BCBS amounts are determined based on the sum of the systemic indicator scores of the 75 largest U.S. and foreign banking organizations as measured by the BCBS, and any other banking organization that the BCBS includes in its sample total for that year. The BCBS publicly releases these values, denominated in euros, each year. Pursuant to the GSIB surcharge rule, the Board publishes the aggregate global indicator amounts each year as denominated in U.S. dollars using the euro-dollar exchange rate provided by the BCBS.³ Specifically, the Board multiplied each of the euro-denominated indicator amounts made publicly available by the BCBS by 1.0541, which was the daily euro to U.S. dollar spot rate on December 30, 2016, as published by the European Central Bank (available at <http://www.ecb.europa.eu/stats/eurofxref/index.en.html>).

² The second method (Method 2) uses similar inputs to those used in Method 1, but replaces the substitutability category with a measure of a firm's use of short-term wholesale funding. In addition, Method 2 is calibrated differently from Method 1.

³ 12 CFR 217.404(b)(1)(i)(B); 80 FR 49082, 49086-87 (August 14, 2015). In addition, the Board maintains the GSIB Framework Denominators on its website, available at <https://www.federalreserve.gov/bankinfo/basel/denominators.htm>.

The aggregate global indicator amounts for purposes of the 2017 Method 1 score calculation under § 217.404(b)(1)(i)(B) of the GSIB surcharge rule are:

Aggregate Global Indicator Amounts in U.S. dollars (USD) for 2017

Category	Systemic indicator	Aggregate Global Indicator Amount (in USD)
Size	Total exposures	80,007,062,645,840
Interconnectedness	Intra-financial system assets	8,257,981,060,346
	Intra-financial system liabilities	9,326,026,596,609
	Securities outstanding	14,058,608,335,249
Substitutability	Payments activity	2,273,665,800,113,670
	Assets under custody	147,506,550,618,745
	Underwritten transactions in debt and equity markets	6,323,673,403,888
Complexity	Notional amount of over-the-counter (OTC) derivatives	559,101,108,830,245
	Trading and available-for-sale (AFS) securities	3,628,156,457,081
	Level 3 assets	528,537,101,614
Cross-jurisdictional activity	Cross-jurisdictional claims	19,688,183,709,288
	Cross-jurisdictional liabilities	17,261,218,426,372

Authority: 12 U.S.C. 248(a), 321-338a, 481-486, 1462a, 1467a, 1818, 1828, 1831n, 1831o, 1831p-l, 1831w, 1835, 1844(b), 1851, 3904, 3906-3909, 4808, 5365, 5368, 5371.

By order of the Board of Governors of the Federal Reserve System, acting through the Director of the Division of Supervision and Regulation under delegated authority.

Ann E. Misback,
Secretary of the Board.

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